

FISCAL NOTE

Bill #: HB0706

Title: Revise law on reporting new hiring of employees

Primary Sponsor: Rice, D.

Status: As Introduced

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
Expenditures:		
State Special Revenue	\$27,299	\$26,466
Federal Special Revenue	\$52,993	\$51,374
Revenue:		
State Special Revenue	\$27,774	\$27,774
Federal Special Revenue	\$52,993	\$51,374
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. There are 40,000 Montana employers in the state employer database.
2. Enhancements would have to be made to the New Hire Reporting System to create reports matching the New Hire Database with all Montana employers and quarterly wage reports. The cost of developing enhancements is estimated to be 120 hours at a rate of \$60.00 per hour for a total one-time cost of \$7,200 in FY 2004 (120 hours x \$60 per hour = \$7,200).
3. Mailing information to employers to notify them of the new law is estimated to cost \$0.3515 per mailing for an estimated cost of \$14,060. (\$0.3515 per mailing x 40,000 employers = \$14,060).
4. It is assumed that some employers will not be in compliance with the law, but the exact number of those out of compliance cannot be determined. For the purposes of this fiscal note, it is assumed that one-half of one percent of the employers will be out of compliance. (40,000 x .005 = 200).
5. A one grade 14 FTE, Employer Reporting Specialist could pursue 200 cases per year, based on 10 hours per case. This would include sending warning letters, preparing and sending notices of noncompliance, preparing hearing exhibits, preparing for hearings, and monitoring cases. A 1.00 FTE grade 14 employer reporting specialist would cost \$37,616 per year.

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(continued)

6. It is assumed that 90 percent of the 200 cases worked, or 180 cases, would go to hearing (200 cases x 90 percent = 180 cases).
7. It is assumed that it would take one attorney 3 hours per case with hearing preparation and attendance at hearing for a total of 540 hours per year of legal staff time (180 cases x 3 hours = 540 hours per year). In addition, it is assumed that a percentage of the final orders will be appealed to district court through Petitions for Judicial Review and these cases will be handled by the CSED legal staff. The number of attorney hours necessary to defend final orders cannot be determined at this time. The attorney workload would need to shift to accomplish these duties and the costs associated with the workload shift would be absorbed within current existing appropriations and staff.
8. One grade 14 FTE, Investigator would work on collecting the debt owed by the employers. This work includes locating employer property to lien, seizure of the property through warrants for distraint and other collection remedies. A 1.00 FTE grade 14 investigator would cost \$37,616 per year.
9. It is assumed that the 2.00 FTE would start October 1, 2003.
10. Annual operating expenses associated with the 2.00 FTE, including photocopy pool services, phone, and supplies, will cost \$2,608 per year.
11. It is assumed that 50 percent of the 200 cases pursued each year would be out of compliance for an average time frame of 34 days and that collections would be made. This represents a total fine collection of \$81,600 (34 days x \$24 fine = \$816 per employer x 200 employers x 50% = \$81,600).
12. Under federal regulations, the program must return 66 percent of all fee or fine recoveries to the federal government. This would result in total revenue to the program of \$27,774 (\$81,600 x 34 percent = \$27,774).
13. These costs would be paid at the current funding split within the Child Support Enforcement Division of 34 percent state special revenues and 66 percent federal funds.

FISCAL IMPACT: Department of Public Health and Human Services (Pgm 05)

	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>
FTE	<u>1.50</u>	<u>2.00</u>
<u>Expenditures:</u>		
Personal Services	\$56,424	\$75,232
Operating Expenses	<u>23,868</u>	<u>2,608</u>
TOTAL	\$80,292	\$77,840
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$27,299	\$26,466
Federal Special Revenue (03)	<u>52,993</u>	<u>51,374</u>
TOTAL	\$80,292	\$77,840
<u>Revenues:</u>		
State Special Revenue (02)	\$27,774	\$27,774
Federal Special Revenue (03)	<u>52,993</u>	<u>51,374</u>
TOTAL	\$80,676	\$79,148
<u>Revenues:</u>		
State Special Revenue (02)	<u>\$475</u>	<u>\$1,308</u>